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FROM BONN

ACTION, SR 6

INFO .COP, CI, CI/OPS, CI/IC, FI, FI/OPS, FI/ROM 3, PP 2, PP/OPS, PP/ICD 2, PP/ECD, EE 4, WE 4, DD/I, AD/CI, S/C 2

IN 42138

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CITE BOCH 7112

REDWOOD INTEL

RE DUR 26390 (OUT 87841) 0

1. FOLLOWING KEYED TO PARAS OF REF:

1.1 DETT KOT KHOWLEDGEABLE ON THIS AND LACKS BACKGROUND IN SOVIET
ECONOMIC ORGANIZATION. RELEVANT CONTENTS WERE SUCH TRUISMS AS IMPRESSION THAT
OFFICIALS OF DISSOLVED MINISTRIES RELUCTANT ACCEPT PROVINCIAL ASSIGNMENTS,
SOVMARKHOZ SYSTEM HAVING BROWING PAINS AND MAY IN LONG RUN BE LESS EFFICIENT THAN
TIGHTLY CENTRALLY RUN ECONOMY. BEITZ VOLUNTEERED IMPRESSION THAT POLITRICAS (SIC)
NO LONGER EXISTS IN PLANTS BECAUSE ALL SUPERVISORY EMPLOYEES NOW FULLY TRAINED
POLITICALLY AND RELIABLE.

- 2. NONE.
- 3. BEITZ FEELS SOVS REALLY MAKING SERIOUS EFFORT INCREASE OUTPUT CONSUMER GOODS AND CHARACTERISTICALLY MAKING MAJOR AND SPECTDOULAR EFFORT IN ONE SECTOR NAMELY ARTIFICIAL FIBERS FOR CLOTHING. EXCEPT FOR FAIRLY CASUAL INQUIRIES ABOUT DIESEL LOCOMOTIVES, SOVS INDICATES NO INTEREST IN PURCHASING YOU OTHER MACHINERY FROM KRUPP. BEITZ FEELS THAT OBVIOUS SOV DECISION TO CONCENTRATE ON ARTIFICIAL FIBERS MAY HAVE SOME IMPORTANT SIGNIFICANCE WHICH ESCAPES MIM BUT SEED TO CRITICAL OR DIRECT MILITARY USE FOR PLANTS DELIVERED.

S-E-C-R-E-T

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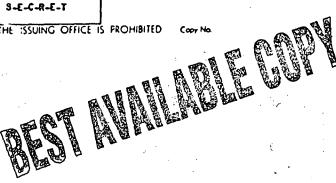
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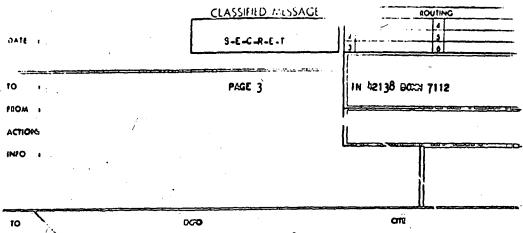


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- 4. PAYKEN IN DEUTSCHE MARK IN THREE STEPS: OH SIGNIKS OF CONTRACT, OH PARTIAL COMPLIANCE AND ON COMPLETION. SOVIETS NEVER BROUGHT UP MATTER OF CREDIT.
- 5. IN GENERAL SOPRETS SEEKING MOST ADVANCED MACHINERY AVAILABLE BUT ARE SHOPPING ACCRESSIVELY AND HOUSE PROBABLY TAKE SOMETHING LESS THAN THE VERY LATEST IF IT ESPECIALLY ATTRACTIVELY PRICED. ONE STRICTURE: SOVIETS OFTEN BUY THE MOST ADVANCED ITEM THEY THINK THEY CAN COPY SUCCESSFULLY, HOULD FOREGO MOST ADVANCED TYPE IF THEY WILIKELY BE ABLE COPY.
  - 6. NO, PERHAPS BECAUSE KRUPP DOES HET MAKE AUTOMATION EQUIPMENT.
- 7. EARLY 1960. COMPONENTS OF FULLY INTEGRATED FIBER-PRODUCING COMPLEX WILL BE AT TULA RUTBYSHEY MOSCOW. WILL PRODUCE MYLEY PERLON DACRON. CLOTHING. FURTHER DETAILS PER PARA 2-C BELOW.
  - 8. YES.
- 9. FEELS IT MASSIVE EFFORT IN COMPLIANCE OF POLITICAL DECISIONS AND TO HEET OBVIOUS HEEDS: WALBLE JUDGE DURATION. RE LAST SENTENCE, SEE PARA 2-C.
- 10. KNOWS COLY THAT FRENCH ARE SUPPLYING CENERT PLANT. SOVIETS OBVIOUSLY HAVE TO SUPPLEMENT EAST GERESS SOURCE BECAUSE IT NOT CAPABLE OF MEETING ARE SON MEEDS FOR PLANTS. BASE COXXENT: BLOC PLANNING CONSIDERATIONS MAY ALSO DICTATE BUILD UP OF EAST GERMAN PRODUCTION AND PLANTS THEREFORE BEING LEFT IN EAST GERMAN.

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11. CO. I WILL ICEUIRE FURTEER FER PARA 2-C.

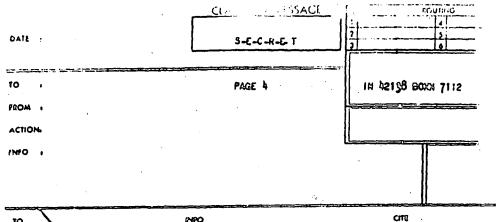
12. HO.

BELITY TELLICE WIDE DANCE OF GOVERNMENT AND FOREIGN ETFICE CONTACTS LEAST RESTORS SOLE VECE REPLACED THE COMPLETE STATES OF THE CAP TANK (A) REVERSE, (8) THAT CORNEY SXOULD MAKE A KINDRED HILLION MAKE LOWN TO POLAND CHEMICA POLISH REED IS EREAT, CESTRUE AT THIS TIKE OF CREAT POLISH WILL GE HISTORICAL AND LOTE RECEIVED, WILL KILP KIME WOULDS OF PAST, GETWAY IS KURALLY COLICATED OF SOCITHING THIS SOIT, EVENTUAL DEPARTING BY POLES NO LESS LINELY THAN BY "DESPTIAND INDOMESIANS AND THE LINES, POLAND IS KESTERS CRIENTED AND SITUATION COULD EVOLVE MOST FAYORABLY THERE, SOYS WOULD HOT LINE SUCH LOAN TO POLAND GUT COULD HOT STOP IT. OTLY HOPE FOR CHATTE IN SOVIET UNION IS AS RESULT OF INTLUDENCE SPACABILIS FROM SATELLITES AND LINELIKOOD OF ALL THIS WOULD BE EXAMPLED BY EFFECTS OF LOAD. (C) HE FREER COMMU COMPARY PRO COMM ENVIORED AND SO EAST TO SAME DESIRED TRIPS TO ANTRICA AND OTHER ATTRACTIVE OR EXOTIC PLACES ENALKO REGULECT SUCH INFORMATION areas as eighth typean pretty. (D) it prets retrum sxould exaction diployatic BELATIONS AITH EATHER WID LEETS CONTEXTIL WAS LOCKING OILION DESPONERA GRADINA AND PASSIVE ASOUT THIS, WITH EXEMPANT WORST OFFEIDER. (E) FEDREP MICH SOCH TALK WITH PARKON ON REUNIFICATION, CART IE TO PROSPECTS SUCCESS, TO MAKE CLEAR VIMIT WEST

SafaCarafa?

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CERHAN CTUBBORNESS IS NOT WHAT IS HOLDING UP REUMIFICATION. (F) HAS SEEM BOTH WERICAN AND BOWNET INDUSTRY AND IS ABSOLUTELY CONFIDENT. THAT WEST HAS MOTHICS TO FEAR IN PROLONDED COMPETITION, IN SPITE OF SPECTACULAR SOVIET PERFORMANCES WHEN THEY CONCENTRATE EFFORTS, IN ONE SECTOR AS SPUTHINS.

## 2. BASE COXXENT!

- A. BEITZ WAS IN PELAKO DURING WAR AND SEEDS HAVE GENUINE AFFECTION FOR POLES AND GREAT INTEREST IN SECTING THEM GET HELP.
- 8. BEITZ VERY SETSITIVE TO ANY SUCCESSION THAT HE ACTED INFROPERLY IN COING TO MOSCOW, IS MAKING AN ACCORDANTION WITH THE SOVIETS, ETC.
- C. PER OUR REQUEST TASKA SAID NE VISHED SEND L. IT TO ESSEN FOR KORE
  DETAILED DEBRIEFING OF DEALS DIRECTOR HALLEN AND DRUPP SOVIET SPECIALIST WEDE,
  BOTH OF WHOM SPENT HUCH MORE TIME IN UNION THAN BUTY AND MAVE MORE DETAILED DESCYL
  LEDGEABILITY. BEITZ ARRED AUGUSTE MATHING WE WANT, SUDGEST HO CARLE SUITABLE
  QUESTIONAIRE IN ADDITION TO REF OR ADVISE BY CARLE THAT THIS BEING POUCHED INSTEAD.

EXD OF KESSAGE

C/S COXXERT: "SUCCESTED POINTS TO BE COVERED DURING C - AND C - VISIT WITH OR. BEITZ RE PROBLES THE SOYS HAVE EXCOUNTERED IN THEIR INDUSTRIAL RECREWIATION PROGRAM.

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